

**Testimony Presented to the
Finance, Revenue and Bonding Committee of the Connecticut General Assembly**

Monday, March 9, 2015

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**Governor's S.B. No. 946
An Act Concerning Revenue Items to Implement the Governor's Budget**

Good afternoon Senator Fonfara, Representative Berger, Senator Leone, Representative Lemar, Senator Frantz, Representative Davis, members of the Finance, Revenue and Bonding Committee.

I'm Glenn Schulman, Senior Director of Corporate Communications for Achillion Pharmaceuticals in New Haven.

I am here to speak regarding the Governor's S.B. No. 946, An Act Concerning Revenue Items to Implement the Governor's Budget.

Achillion Pharmaceuticals is a development-stage biopharmaceutical company that is dedicated to discovering and developing novel treatments for infectious disease as well as complement-mediated diseases of the immune system. Founded in 2000, Achillion is headquartered in New Haven and nearly all of our 69 employees work in 300 George Street. Currently, we are conducting clinical trials with three compounds that will be used in combination for the treatment of hepatitis C and are working to advance newly discovered complement factor D inhibitors toward clinical development for the treatment of rare diseases, such as paroxysmal nocturnal hemoglobinuria and myasthenia gravis. I am proud to say that all of these potential drugs were discovered by our chemists and continue to be proprietary compounds to Achillion. With respect to our hepatitis C compounds, to date we have conducted multiple clinical trials, with results that suggest that cocktails containing our medicines can

produce up to a 100% cure of this life threatening disease, eradicating the hepatitis C virus after as little as 6 weeks of treatment.

Over the past 15 years, Achillion has spent significantly to advance its research and development efforts. As of December 31, 2014, Achillion has an accumulated deficit of \$450 million with our clinical programs currently in Phase 2 of development. Looking forward to the 2015 fiscal year, we anticipate that our cash use will be approximately \$110 million. The amount of capital required to advance these potentially lifesaving therapies is significant, with R&D costs that disproportionate to nearly any other industry. We, along with our shareholders, believe this cause to be worthy. The cost of treating and monitoring just one patient in our clinical trials can be as much as \$100,000. Following Phase 2, we plan to complete Phase 3 studies that could enable us to submit in 2018, the necessary applications to the FDA for drug approval.

In order to make our discoveries and advance our R&D efforts, Achillion needs to compete with bio clusters around the country for talented employees. Of our 69 employees, approximately 51 are directly engaged in research and development, and 28 employees have doctoral degrees. During 2015, we are hopeful that we can grow our employee base by nearly 40%, the majority of which would be in R&D, in order to meet our goal of marketing our novel therapies later this decade. While areas such as Cambridge, Mass and San Francisco offer larger hubs of drug discovery, we don't regret our decision to maintain and grow our company here in Connecticut. The proximity to Yale, as well as the convenient location between New York City and Boston, supports our engagement with world class healthcare providers and investors. Furthermore, legislative initiatives such as the R&D tax credit and treatment of NOLs enhances the competitive nature of conducting R&D here in Connecticut. There is an important multiplier impact on the local economy from the R&D tax credit as it is only calculated on expenditures that occur in CT. However, when there is uncertainty around these programs, it can negatively affect biotech firms that spend significantly to advance novel treatments for patients and have an product development life cycle that can be as long as a decade.

Thank you all for allowing me the opportunity to share with you the exciting work being done at Achillion, and I am happy to take any questions.